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Agenda Item 3e

June 13, 2011

TO: MEMBERS OF THE FINANCE COMMITTEE

- I. **SUBJECT:** Office of Audit Services Charter Revision (First Reading)
- II. **PROGRAM:** Audit Services
- III. **RECOMMENDATION:** Acceptance of the proposed Office of Audit Services Charter as a first reading.

IV. ANALYSIS:

This agenda item is to propose revisions to the existing Office of Audit Services Charter which was previously approved by the Board of Administration (Board) in September 2004. The proposed revised charter is set forth in Attachment A. A red-line/strikeout version is attached as Attachment B. The key revisions to the charter include modifying language to ensure consistency with the Chief Auditor Delegation of Authority approved in August 2010 (Attachment C) and recent revisions to the International Standards for the Professional Practice of Internal Auditing (Standards). We also refined the content to keep the Charter at a policy level and omitted operational procedure-level detail.

Background

Standards require the purpose, authority, and responsibility of the internal audit activity be formally defined in an internal audit charter consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The internal audit charter establishes the internal audit activity's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of the internal audit activities.

Standards require the Chief Auditor to periodically assess whether the internal audit activity's purpose, authority, and responsibility, as defined in the internal audit charter, remain adequate for internal audits to accomplish its objectives. The Chief Auditor is also responsible for presenting the results of this assessment to Executive management and the Board.

V. STRATEGIC PLAN:

This item is not a specific product of the Strategic Plan but is part of the regular and ongoing workload of the Office of Audit Services.

VI. RESULTS/COSTS:

There are no additional costs associated with this item.

MARGARET JUNKER, Chief
Office of Audit Services

PETER H. MIXON
General Counsel

Attachments